

ALMOST HOME

FINANCIAL STATEMENTS

*December 31, 2016 and 2015*



ZIELINSKI & ASSOCIATES, P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

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# ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## **Independent Auditor's Report**

Board of Directors  
Almost Home  
St. Louis, Missouri

We have audited the accompanying financial statements of Almost Home (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Almost Home as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Zielinski & Associates*

May 5, 2017

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STATEMENTS OF FINANCIAL POSITION

*December 31, 2016 and 2015*

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 825,902	\$ 360,369
Accounts receivable (Note B)	293,419	369,722
Prepaid expenses	8,313	7,012
Property, plant, and equipment—net (Note C)	1,023,755	1,081,384
Other investments		
Almost Home Permanent Housing, L.P. (Note D)	234,613	234,613
Other assets	<u>1,678</u>	<u>2,396</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,387,680</u>	<u>\$ 2,055,496</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 40,992	\$ 54,641
Lease payable (Note F)	6,712	5,345
Other liabilities—Small Dollar IDA Program	<u>3,500</u>	<u>3,500</u>
<b>TOTAL LIABILITIES</b>	<u>51,204</u>	<u>63,486</u>
Net assets		
Unrestricted	2,155,047	1,816,831
Temporarily restricted (Note H)	<u>181,429</u>	<u>175,179</u>
<b>TOTAL NET ASSETS</b>	<u>2,336,476</u>	<u>1,992,010</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,387,680</u>	<u>\$ 2,055,496</u>

ALMOST HOME

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>						
Participant fees	\$ 8,457	-	\$ 8,457	\$ 5,270	-	\$ 5,270
Government grants and fees	372,178	-	372,178	486,193	-	486,193
United Way	108,874	-	108,874	86,030	-	86,030
Donations, net of direct donor benefits and special event expenses of \$34,994 and \$30,930 in 2016 and 2015, respectively.	900,957	\$ 30,035	930,992	477,428	\$ 10,250	487,678
Interest	240	-	240	85	-	85
Gifts in-kind	23,960	-	23,960	33,629	-	33,629
	1,414,666	30,035	1,444,701	1,088,635	10,250	1,098,885
Net assets released from restrictions						
Satisfaction of program restrictions	23,785	(23,785)	-0-	18,906	(18,906)	-0-
<b>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</b>	23,785	(23,785)	-0-	18,906	(18,906)	-0-
<b>TOTAL SUPPORT AND REVENUE</b>	1,438,451	6,250	1,444,701	1,107,541	(8,656)	1,098,885
<b>Expenses</b>						
Program services	798,582	-	798,582	787,832	-	787,832
Management and general	172,061	-	172,061	175,947	-	175,947
Fundraising	129,592	-	129,592	156,374	-	156,374
<b>TOTAL EXPENSES</b>	1,100,235	-	1,100,235	1,120,153	-	1,120,153
<b>CHANGES IN NET ASSETS</b>	338,216	6,250	344,466	(12,612)	(8,656)	(21,268)
<b>Net Assets, Beginning of Year</b>	1,816,831	175,179	1,992,010	1,829,443	183,835	2,013,278
<b>NET ASSETS, END OF YEAR</b>	\$ 2,155,047	\$ 181,429	\$ 2,336,476	\$ 1,816,831	\$ 175,179	\$ 1,992,010

ALMOST HOME

STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended December 31, 2016 and 2015

	2016				2015			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Bank charges	-	\$ 2,695	-	\$ 2,695	-	\$ 2,264	-	\$ 2,264
Interest expense	\$ 149	33	\$ 31	213	\$ 135	130	\$ 28	293
Food	27,899	-	-	27,899	28,338	-	-	28,338
Supplies	13,443	280	153	13,876	12,047	224	123	12,394
Fundraising	-	-	5,885	5,885	-	-	35,650	35,650
Dues and subscriptions	2,600	575	541	3,716	353	78	73	504
Utilities	30,050	2,060	1,584	33,694	30,323	1,988	1,503	33,814
Miscellaneous	19,675	6,204	3,119	28,998	17,363	5,335	2,770	25,468
Postage and office supplies	3,171	701	659	4,531	3,193	706	664	4,563
Insurance	19,578	2,174	1,857	23,609	16,872	2,038	1,769	20,679
Repairs and maintenance	28,067	1,256	869	30,192	27,150	1,431	1,049	29,630
Salaries and payroll taxes	453,047	99,766	92,481	645,294	435,012	95,794	88,799	619,605
Donation in-kind salaries	20,514	2,279	-	22,793	27,881	3,098	-	30,979
Benefits	25,497	5,977	6,916	38,390	24,707	5,792	6,702	37,201
Education	12,949	1,469	1,382	15,800	10,744	1,088	1,024	12,856
Transportation	11,413	-	-	11,413	11,391	2	2	11,395
Taxes and licenses	-	602	-	602	-	1,583	-	1,583
Professional fees	60,430	43,162	12,563	116,155	70,349	51,492	14,625	136,466
Depreciation	70,100	2,828	1,552	74,480	71,974	2,904	1,593	76,471
<b>TOTAL EXPENSES</b>	<b>\$ 798,582</b>	<b>\$ 172,061</b>	<b>\$ 129,592</b>	<b>\$ 1,100,235</b>	<b>\$ 787,832</b>	<b>\$ 175,947</b>	<b>\$ 156,374</b>	<b>\$ 1,120,153</b>



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STATEMENTS OF CASH FLOWS

*For the years ended December 31, 2016 and 2015*

	<u>2016</u>	<u>2015</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 344,466	\$ (21,268)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	74,480	76,471
Changes in:		
Accounts receivable	76,303	(148,651)
Prepaid expenses and other assets	(583)	3,659
Accounts payable and other liabilities	<u>(12,282)</u>	<u>31,552</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>482,384</u>	<u>(58,237)</u>
<b>Cash Flows from Investing Activities</b>		
Property and equipment—net	<u>(16,851)</u>	<u>(5,440)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(16,851)</u>	<u>(5,440)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	465,533	(63,677)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>360,369</u>	<u>424,046</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 825,902</u>	<u>\$ 360,369</u>
<b>Interest Paid</b>	<u>\$ 213</u>	<u>\$ 293</u>

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## NOTES TO FINANCIAL STATEMENTS

*December 31, 2016 and 2015*

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### **NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Organization**

Almost Home (the Organization), is a not-for-profit corporation organized under the law of the State of Missouri and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Service Code. Almost home is a transitional living experience for young women with children, coming from inadequate housing or other agencies, who want to develop personal and economic independence and stability. Almost Home commits to provide an environment of trust and respect where women may develop concrete skills which will enable them to achieve their individual goals. Prior to December 15, 2015, Almost Home was sponsored by the Franciscan Sisters of Mary. Effective December 15, 2015, Almost home is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) independent of the Franciscan Sisters of Mary.

#### **Basis of Presentation**

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Unrestricted net assets*—net assets that are not subject to donor-imposed stipulations.

*Temporarily restricted net assets*—net assets that may be used only after the passage of a donor-stipulated period of time or for a donor-stipulated purpose.

#### **Revenue Recognition**

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

#### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in checking, savings, and money market accounts. At times, cash may be in excess of the FDIC limits.

#### **Accounts Receivable**

The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

#### **Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 5, 2017, the date the financial statements were available to be issued.

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## NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2016 and 2015

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### **NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Property, Plant, and Equipment**

Property, plant, and equipment are stated at cost or fair market value at date of donation. During the year ended December 31, 2014, the capitalization policy was reevaluated and increased. All expenditures for property and equipment in excess of \$1,000, are capitalized. Major renewals and improvements are capitalized while replacements, maintenance, and repairs which do not improve or extend the lives of the assets are expensed currently. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, on a straight-line basis as follows:

	<u>Years</u>
Buildings	20-40
Furniture and equipment	3-10
Land improvements	20
Automobiles	5

#### **Use of Estimates**

In preparing the Organization's financial statements, in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Comparative Statements**

The financial statements for the prior period are presented for comparative purposes.

#### **Income Taxes**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from comparable state law whereby only unrelated business income when earned, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Organization currently has no unrelated business income.

The Organization does not believe there are any material uncertain tax positions and, accordingly, they will not recognize any liability for them. For the year ended December 31, 2016, there were no penalties or interest recorded or included in the financial statements.

The Organization's Form 990, Return of Organization Exempt from Income Taxes for the years ending December 31, 2016, 2015, and 2014, are subject to examination by the IRS, generally three years after they were filed.

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2016 and 2015

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Functional Expenses**

The Organization allocates certain of its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly to that function.

**Contributed Services**

Contributed services are reflected in the financial statements at the fair value of the services received. Contributed services are recognized if the services require specialized skills and would need to be purchased if not provided by donation. Contributed services of \$22,793 and \$30,979 were received during the years ended December 31, 2016 and 2015, respectively.

**NOTE B—ACCOUNTS RECEIVABLE**

As of December 31, accounts receivable consisted of:

	<u>2016</u>	<u>2015</u>
United Way	\$ 25,000	\$ 82,398
CACFP	1,784	-
St. Louis County	27,787	129,663
Affordable Housing Trust Fund	-	26,126
Almost Home Permanent Housing, L.P.	132,669	73,866
Other	<u>106,179</u>	<u>57,669</u>
<b>TOTAL</b>	<u>\$ 293,419</u>	<u>\$ 369,722</u>

The amounts due from the United Way represent the grant awarded in the current year for the following year. This grant has consistently been included in the revenue during the year it was awarded.

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2016 and 2015

**NOTE C—PROPERTY, PLANT, AND EQUIPMENT**

Property, plant, and equipment consisted of the following at December 31:

	<u>2016</u>	<u>2015</u>
Land	\$ 46,763	\$ 46,763
Buildings	1,775,057	1,762,883
Furniture and equipment	174,942	176,788
Land improvements	202,354	202,354
Automobiles	<u>41,162</u>	<u>41,162</u>
	2,240,278	2,229,950
Less: accumulated depreciation	<u>(1,216,523)</u>	<u>(1,148,566)</u>
<b>TOTAL</b>	<u>\$ 1,023,755</u>	<u>\$ 1,081,384</u>

Depreciation expense was \$74,480 and \$76,471 for the years ended December 31, 2016 and 2015, respectively.

**NOTE D—INVESTMENT IN PARTNERSHIP**

Almost Home is the general partner (0.01%) in Almost Home Permanent Housing, L.P. (Partnership). The limited partner is a bank (99.98%) and its affiliate (0.01%). The Partnership owns and operates an apartment building to be used as transitional housing for women. The investment in the Partnership is accounted for using the cost method. During the construction of the transitional housing, certain transactions occurred between (the Partnership) and the Organization.

As of December 31, 2016 and 2015, the Investment in Partnership consisted of:

Cash advances to the Partnership	\$ 82,859
Cash contributed to Partnership	45,571
Land contributed to Partnership	61,754
Expenses paid during construction	<u>44,429</u>
<b>TOTAL</b>	<u>\$ 234,613</u>

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2016 and 2015

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**NOTE E—LINE OF CREDIT**

On March 10, 2015, the Organization obtained a demand line of credit up to a maximum of \$90,000. The interest rate charged on any outstanding balance will be equal to the prime rate announced by the bank. There have been no draws on the line of credit to date.

**NOTE F—LEASE PAYABLE**

During the year ended December 31, 2016, the Organization entered into a capital lease agreement for an office copier. The equipment has a value of \$3,029. As of December 31, 2016, the accumulated depreciation on the copier was \$252. The copier is being depreciated over the term of the capital lease, which is five years.

During the year ended December 31, 2015, the Organization entered into a capital lease agreement for an office copier. The equipment has a value of \$5,440. As of December 31, 2016, the accumulated depreciation on the copier was \$1,813. The copier will be depreciated over five years.

The future minimum lease payments as of December 31, 2016 are as follows:

<b><u>Year Ended</u></b> <b><u>December 31</u></b>	
2017	\$ 1,684
2018	1,684
Thereafter	<u>3,344</u>
	<u>\$ 6,712</u>

Interest paid on the leases was \$213 and \$193, respectively, for the years ended December 31, 2016 and 2015.

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2016 and 2015

**NOTE G—RELATED-PARTY TRANSACTIONS**

Prior to December 15, 2015, Almost Home was sponsored by the Franciscan Sisters of Mary. Chiara Corporation was established by the Franciscan Sisters of Mary to provide funding for ministries that promote, enhance, and provide for the spiritual, religious, physical or mental wellbeing of members of society. The following significant transaction occurred between Almost Home, Chiara Corporation, and the Franciscan Sisters of Mary for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Franciscan Sisters of Mary		
Contributions received	\$ -0-	\$ 3,000

Almost Home is a general partner in Almost Home Permanent Housing, L.P. Accounts receivable of \$215,528 and \$156,725 at December 31, 2016 and 2015, respectively, is due from Almost Home Permanent Housing, L.P. for expenses paid and a general partner advance. Of these amounts, \$132,669 and \$73,866 at December 31, 2016 and 2015, respectively, are due for operating expenses and \$82,859 is an advance from the General Partner.

**NOTE H—TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available for the following purposes at December 31:

	<u>2016</u>	<u>2015</u>
Program	\$ 40,345	\$ 30,366
Board designated	89,026	89,026
Capital purchases	4,026	1,480
Scholarships	20,788	23,788
Alumni support	24,469	24,354
GED classes	<u>2,775</u>	<u>6,165</u>
<b>TOTAL</b>	<u>\$ 181,429</u>	<u>\$ 175,179</u>

## ALMOST HOME

### NOTES TO FINANCIAL STATEMENTS (*Continued*)

*December 31, 2016 and 2015*

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#### **NOTE I—CONTINGENT LIABILITIES**

Almost Home receives State, St. Louis County, and City of St. Louis grant funding for specific purposes that are subject to review and audit by the grantor or their representatives. These reviews and audits could lead to requests for reimbursements or to withholding of future funding for expenditures disallowed under, or other noncompliance, with the terms of the grants and funding. Almost Home is not aware of any noncompliance with State, St. Louis County, and City of St. Louis provisions that might require Almost Home to provide reimbursements that would be significant to the Almost Home financial statements.

Almost Home (general partner) and Almost Home Development, L.L.C. (guarantor) have certain obligations for operating deficits and certain other costs in connection with Almost Home Permanent Housing, L.P. (Project). The Project was completed during 2004 and began operations in September 2004.

#### **NOTE J—CONCENTRATION OF SUPPORT RISK**

The Organization receives support from various sources. For 2016 and 2015, 22 percent and 33 percent, respectively, of the Organization's support was from a single source.

#### **NOTE K—RECLASSIFICATION**

As of December 31, 2016, certain balances have been reclassified for comparative purposes.